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## MONTHLY REPORT



# THE SITUATION IN SOUTH VIETNAM

21 January 1965

INTELLIGENCE AND REPORTING SUBCOMMITTEE OF THE INTERAGENCY  
VIETNAM COORDINATING COMMITTEE 25X1

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## I. SOUTH VIETNAM MONTHLY SITUATION REPORT

### A. POLITICAL SITUATION

1. The precarious position of the government of Prime Minister Tran Van Huong, under unrelenting attack by Buddhist, student, and other political elements virtually since its inception in October 1964, has been further weakened by the current confrontation with the Vietnamese military leadership. So long as the military, however factionalized and fundamentally distrustful of civilian rule, supported the Huong government and so long as the Buddhist leadership was unable to find a popular issue on which to focus their attacks, Huong appeared able to ride out the almost daily crises created by demonstrations, riots, public criticism, and political intrigue. The outcome of the confrontation with Khanh and the young Turks, created initially by the latter's unilateral dissolution of the High National Council (HNC) on 20 December, has further increased Premier Huong's weakness vis-a-vis the military. This has already been demonstrated by the military's demands that Huong reshuffle his cabinet more extensively than Huong had originally envisaged and by the inclusion of military officers in key cabinet positions. Moreover, the crisis in late December, for the moment at least, has strengthened the position of General Nguyen Khanh within the military and produced resentment of the United States among a number of general officers.

2. There is no assurance that the military leadership, having resumed its open role in government, will now act with a greater sense of political responsibility or cohesiveness than it has exhibited in the past. Nor is there any assurance that the generals will not proceed to extend further their direct authority in governmental affairs, thus once again raising the danger of a demonstration over what might appear to be outright military rule. The Buddhists themselves have already expressed some concern in this respect, and more pointedly their distrust of General Khanh. For the moment, however,

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they remain cautious in their attitude toward the military and indeed may be seeking support among some of the generals in their unrelenting opposition to Premier Huong. In turn, the military, particularly Generals Khanh, Ky, and Thi, apparently are conscious of the importance of the Buddhist power and are attempting to improve their image with the Buddhist leadership.

3. Premier Huong's position, while uncertain at best, will also depend in the weeks ahead on his astuteness and flexibility in dealing with both the Buddhists and the military. While he has tended to fear more the confrontation with the Buddhists than with the military, he has voiced increasing suspicions over a possible Buddhist-military combination against him which he undoubtedly would not be able to withstand. His principal efforts, therefore, for the immediate future may well be focused on preventing such a Buddhist-military arrangement, and he apparently hopes that the holding of national elections for a National Assembly will assist his objective.

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B. ECONOMIC

The past month witnessed increased pressure on retail prices, partially as a result of increased Viet Cong taxation in the provinces and political instability in Saigon. After some delay, the government announced official wholesale rice prices for 1965, which are to be at a somewhat higher level than last year. The black market rate of the dollar remained fairly steady until the end of the period when the rate rose due to the uncertain political situation and the demand for hard currency to purchase luxury goods and to pay off year-end debts as the Vietnamese new year (Tet) approached.

The government has also approved the CY 1965 budget with total expenditures at 46.6 billion piasters, a considerable increase over last year's budget. The US mission council will review the budget in the spring in an effort to reduce the inflationary impact of the anticipated large deficit.

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### C. MILITARY SITUATION

1. After two months of declining activity, the Viet Cong moderately intensified their actions in December. The most intense period occurred during the first 10 days of the month when the Viet Cong conducted several battalion and company-size attacks and ambushes. Small-scale activities, i.e., terrorism, harassments, and acts of sabotage, did not reach a peak until just prior to Christmas. Since then, Communist initiated activity has gradually declined. The three most spectacular events in December were the An Lao battle in Binh Dinh Province, the Brink BOQ Christmas Eve bombing in Saigon and the severe mauling of a strong government force by a large Viet Cong force estimated at near regimental strength in Phuoc Tuy Province.

Except for the An Lao and Phuoc Tuy engagements, December presented little change in the overall pattern of Communist activities. Despite the initial surge of large-scale attacks, terrorism and small scale harassments predominated. The southerly IV Corps received the brunt of Communist actions, more than twice that of any other corps area, and comprised approximately one-half of all activity including armed attacks, perpetrated by the insurgents in December. The least active area was II Corps although some of the decline in activity may be attributed to the administrative transfer of normally active Quang Ngai Province to the operational control of I Corps.

The Phuoc Tuy engagement was significant in that it was protracted for about one week at Viet Cong initiative in the face of numerically superior forces. The Viet Cong, however, were able to ambush and attack isolated elements of ARVN which were committed to the engagement piece-meal. The Communists had obviously prepared long and well for this engagement and capitalized on tactical errors committed by ARVN. The lack of a coordinated ARVN command during the battle, which stemmed from the distraction of senior responsible commanders by the Saigon political situation, was a significant factor in the Viet Cong victory. Subsequent

government sweeps of Phuoc Tuy in January have failed to meet any Viet Cong; however, there is no indication that the Viet Cong force has departed the general area. On 17 January, a sizable Viet Cong force temporarily seized a village and ambushed two government paramilitary companies in northwestern Binh Tuy Province, about 40 miles northeast of Binh Gia. Similarly the early December An Lao operation in Binh Dinh Province also involved a large Viet Cong force, greater than two battalions, which had been deployed to ambush government reaction forces.

The Viet Cong's positioning of large forces to the east of Saigon is at least in part in reaction to Hop Tac. The Viet Cong probably hope to cause ARVN to divert forces from pacification operations around Saigon. Thus far, ARVN has used only the general reserve for the reaction operation in Phuoc Tuy; however, if the Viet Cong conduct other similar protracted operations, the government will be hard pressed to find sufficient reserves constantly to react without injuring the national pacification effort. The Viet Cong are certain to move into any void created by the withdrawal of pacification forces. There are now some indications that the Viet Cong may be intent on escalating their activities in the Hop Tac area south and west of Saigon.

Current Viet Cong activity is of low intensity. Since the first of the year, Communist-initiated activity has gradually declined, as measured by the number of incidents. Armed attacks have been few, averaging only 12 per week. Communist propaganda indicates an intent to repeat last year's Tet stand down with respect to Viet Cong activity. On the other hand the pattern and character of recent activity, suggests that the Viet Cong may be conserving forces for a resurgence of military activities in the near future, perhaps even before Tet. Given their increased military capabilities and the success achieved in recent confrontations against numerically superior forces, the Viet

Cong may attempt more spectacular actions; at the very least, a step-up of small-scale activities is to be expected.

2. Government efforts in December to check Viet Cong gains in the countryside and to gain the military initiative were generally unsuccessful. Major ARVN operations during the month fluctuated widely from week to week, probably a reflection of Saigon's unstable political climate. The number of operations making contact with the Viet Cong in December was slightly above previous months. There were a few individual actions which produced favorable results, but by-and-large, most were unproductive in respect to Viet Cong killed, captured or enemy supplies destroyed.

There was a hopeful sign in January. Last week, the number of major operations conducted took a sharp upturn and was accompanied by a slight increase in the number engaging the enemy. There were several operations in the northern coastal regions of I and II Corps last week which produced very favorable results. A continuation of similarly productive operations in I and II Corps could have a favorable impact by keeping the Viet Cong off balance in an area where Communist strength appears to be growing.

The manpower strengths of the armed forces has increased moderately. At year's end, the regular force strength totalled 246,284 compared to 236,500 on 30 November. Paramilitary strength, not including police, was 289,567 compared to 286,996 at the end of November. Desertions during the past year, however, have exceeded prior years. Desertions in November totalled 2,820 for the regular forces, and 4,247 for the paramilitary. Estimated desertions for December are: regular force 2,500, and for the paramilitary 4,300. This will represent a slight decline from November if the estimate holds.

The military capabilities of the Viet Cong were not reduced in December. Encouraged by recent success, it seems probable that the Communists will intensify their activities in the coming weeks and months.



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The Viet Cong ended the year on a high note of optimism, accentuated by a significant victory over a superior force during the last week of the year. The Viet Cong view their prospects for 1965 with the same high degree of expectation.

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DECEMBER STATISTICAL SUMMARY

VC Initiated Incidents

<u>Attacks</u>	<u>Terrorism</u>	<u>Sabotage</u>	<u>Propaganda</u>	<u>AA Fire</u>	<u>Total Incidents</u>
96	1,719	318	128	243	2,504

Casualties:

RVN

Total - 4,147  
KIA - 1,002

VC

Total - 2,316  
KIA - 1,813

Weapon Losses:

RVN - 2,111  
VC - 666

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#### D. PACIFICATION

Pacification, on a nationwide basis, has generally been stalled for the past month. Although there are pacification plans in effect in all provinces (except Con Son Island), there has been little significant progress; in some areas there has been an appreciable deterioration of government control. Even though South Vietnamese officials report continuing progress in the high priority Hop Tac effort around Saigon, it remains to be seen whether these are more than paper achievements. To date there has been no major effort by the Viet Cong to strike at areas which are now claimed as "secure," and therefore the validity of government claims remains untested. The Viet Cong have increased their numbers and the tempo of their operations in areas adjacent to Hop Tac in what is apparently an attempt to draw off government forces committed to this major pacification effort.

#### II. THIRD COUNTRY DEVELOPMENTS

The most significant developments in South Vietnam's foreign relations during the past month focused on proposed Philippine and Korean military assistance and on Sihanouk's plans to hold a preparatory meeting in Phnom Penh for an "Indochinese People's Conference." Sihanouk has reiterated that the conference is not government-sponsored and claims that it will not be held unless a sufficient number of non-Communist Indochinese are willing to attend. Thus far, Cambodian organizations, Vietnamese and Lao Communist and Communist front organizations, as well as a few neutralist-oriented Vietnamese expatriates in Paris have indicated they will attend.

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### III. DEVELOPMENTS IN THE BLOC

Bloc propaganda support for the war in South Vietnam continued at a high level during the past month. Soviet Foreign Minister Gromyko repeated earlier warnings that the USSR is prepared to render all necessary assistance to North Vietnam in the event of US attack, and the Front was granted permission to open a permanent office in Moscow.

For its part, Peiping devoted a large amount of attention to the Viet Cong victory at Binh Gia and used it as evidence that the Viet Cong had progressed from a "guerrilla force to a formidable liberation army." Both Hanoi and the Front echoed this language in a continuing effort to portray the Viet Cong as a formidable and invincible force.

Peiping, Hanoi, and Pyongyang came down hard on the South Korean proposal to send 2,000 troops to South Vietnam. Communist charges that this is an "internationalization" of the war could be used to justify further assistance to the Viet Cong. Pyongyang, in a move designed to show its support and solidarity for North Vietnam during the month, sent its Defense Minister to Hanoi for DRV army day celebrations.

South Vietnamese and Viet Cong Casualties and Weapons  
Losses: 1962 - December 1964

1. General Statistical Data:

Time Period		Viet Cong Incidents	Killed in Action		Wounded in Action		Captured or Missing		Total Casualties		Weapons Losses	
			GVN	VC	GVN	VC	GVN	VC	GVN	VC	GVN	VC
Jan	1962	1825	299	1294	475	211	116	391	890	1896	-	-
	1963	927	453	1754	908	318	102	379	1463	2451	457	683
	1964	1770	343	1223	913	-	555	240	1811	1463	917	532
Feb	1962	1460	244	1205	300	316	124	353	668	1874	-	-
	1963	788	379	1082	656	303	82	292	1117	1677	253	399
	1964	2078	374	1055	916	-	303	289	1593	1344	708	471
Mar	1962	1961	523	1456	737	551	140	523	1400	2530	-	-
	1963	1282	410	1443	851	368	66	205	1327	2016	467	367
	1964	2160	439	1456	1249	-	345	531	2033	1987	814	532
Apr	1962	1933	387	1596	532	292	151	415	1070	2303	-	-
	1963	1331	506	1660	878	256	96	388	1480	2304	797	468
	1964	2284	594	1671	1584	-	398	245	2576	1916	990	424
May	1962	1825	390	1756	509	352	94	524	993	2632	-	-
	1963	1208	435	1895	889	256	94	695	1418	2885	463	564
	1964	2143	458	1135	987	-	202	242	1647	1377	723	281
Jun	1962	1477	325	1666	613	416	77	441	1015	2523	-	-
	1963	1311	389	1862	772	310	90	437	1251	2609	580	394
	1964	2062	494	1005	1145	-	313	230	1952	1235	718	387
Jul	1962	1564	384	1544	686	424	212	542	1282	2510	-	-
	1963	1368	529	1918	1071	372	306	387	1906	2677	934	374
	1964	3045	900	1427	1812	-	510	219	3222	1646	1889	447
Aug	1962	1642	377	2271	626	367	63	669	1066	3307	-	-
	1963	1349	411	1685	804	237	352	482	1567	2404	637	428
	1964	2580	721	1449	1612	-	478	282	2811	1731	1106	619

Time Period		Viet Cong Incidents	Killed in Action		Wounded in Action		Captured or Missing		Total Casualties		Weapons Losses	
			GVN	VC	GVN	VC	GVN	VC	GVN	VC	GVN	VC
Sep	1962	1375	419	2218	646	365	59	446	1124	3029	-	-
	1963	1763	672	1982	1155	234	566	347	2393	2583	607	389
	1964	3091	819	1187	1759	-	737	230	3315	1417	1465	525
Oct	1962	1357	365	1967	619	286	64	373	1048	2626	-	-
	1963	1422	428	1520	989	244	398	236	1815	2000	753	330
	1964	2827	739	1617	1583	-	693	576	3015	2193	1510	482
Nov	1962	1311	410	1982	834	368	92	561	1336	2911	-	-
	1963	3182	664	2333	1554	373	665	252	2883	2958	1595	455
	1964	1982	574	1747	1404	-	410	570	2388	2317	1104	515
Dec	1962	1346	294	2203	618	289	78	463	990	2755	-	-
	1963	1882	389	1440	961	191	320	190	1670	1821	724	546
	1964	2504	1,002	1813	2053	-	1092	503	4147	2316	2111	666

## Composite Annual Totals

Time Period	VC Incidents	KIA		WIA		Captured or Missing		Total Casualties		Weapons Losses	
		GVN	VC	GVN	VC	GVN	VC	GVN	VC	GVN	VC
1962	19076	4417	21158	7195	4237	1270	5701	12882	30896	5195	4049**
1963	17813	5665	20574	11488	3462	3137	4290	20290	28385	8267	5397
1964	28,526	7477	16785	17017	-	6036	4157	30510	20942	14055	5881

\*\* Monthly data unavailable for 1962 Weapons Losses.

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## 2. Viet Cong Incidents

A T T A C K S

Time Period	Viet Cong Incidents	Small-Scale	BN. Size	Co. Size	Total	Terrorism	Sabotage	Propaganda	Anti-Aircraft
1962	1825	528	--	--	549	839	180	257	--
Jan 1963	927	242	2	8	252	447	49	179	--
1964	1770	218	3	2	223	1244	129	174	--
1962	1460	480	--	--	500	613	137	210	--
Feb 1963	788	181	1	13	195	433	69	91	--
1964	2078	211	3	3	217	1389	201	271	--
1962	1961	561	--	--	588	660	290	423	--
Mar 1963	1282	333	0	11	344	653	131	154	--
1964	2160	198	1	4	203	1632	158	167	--
1962	1933	470	--	--	497	1024	220	192	--
Apr 1963	1331	371	3	9	383	688	105	155	--
1964	2284	211	3	6	220	1738	169	157	--
1962	1825	490	--	--	528	892	154	251	--
May 1963	1208	344	0	13	357	608	93	150	--
1964	2143	170	2	3	175	1418	217	140	193
1962	1477	385	1	21	407	736	157	222	--
Jun 1963	1311	398	1	11	410	652	107	142	--
1964	2062	128	2	10	140	1390	176	162	194
1962	1564	437	1	10	448	735	158	223	--
Jul 1963	1368	398	1	8	407	698	80	183	--
1964	3045	166	12	7	185	2132	286	224	218
1962	1642	368	0	9	377	885	146	233	--
Aug 1963	1349	356	1	11	368	647	113	221	--
1964	2580	107	3	3	113	1775	315	173	204
1962	1375	382	0	9	391	624	178	182	--
Sep 1963	1763	483	3	17	503	889	164	207	--
1964	3091	110	4	4	118	1938	482	178	375

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Continued

A T T A C K S

Time Period	Viet Cong Incidents	Small-Scale	BN. Size	Co. Size	Total	Terrorism	Sabotage	Propaganda	Anti-Aircraft
Oct 1962	1357	406	1	12	419	583	189	166	--
1963	1422	363	0	6	369	802	105	150	--
1964	2827	75	6	2	83	1790	480	197	277
Nov 1962	1311	411	3	7	421	614	144	132	--
1963	3182	631	3	11	645	1990	269	278	--
1964	1982	57	1	2	60	1391	247	109	175
Dec 1962	1346	375	1	8	384	670	107	185	--
1963	1882	258	0	3	261	1228	111	251	--
1964	2,504	81	6	9	96	1,719	318	128	243

## Composite Annual Totals

1962	19,076	5295	41	173	5509	8875	2060	2676	No Data
1963	17,813	4358	15	121	4494	9735	1396	2161	No Data
1964	28,526	1732	46	55	1833	18,656	3178	2080	1879

\*Thru 30 November 1964

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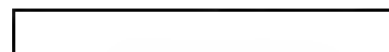


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